

1 State of Arkansas  
2 94th General Assembly  
3 Regular Session, 2023

# A Bill

HOUSE BILL 1313

4  
5 By: Representative Hudson

## For An Act To Be Entitled

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8 AN ACT TO AMEND THE EXEMPTIONS OF LIFE INSURANCE  
9 PROCEEDS FROM ACTIONS BY CREDITORS AND  
10 REPRESENTATIVES; AND FOR OTHER PURPOSES.

## Subtitle

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14 TO AMEND THE EXEMPTIONS OF LIFE INSURANCE  
15 PROCEEDS FROM ACTIONS BY CREDITORS AND  
16 REPRESENTATIVES.

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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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21 SECTION 1. Arkansas Code § 23-79-131(a)(1), concerning the exemption  
22 of life insurance proceeds from actions by creditors and representatives, is  
23 amended to read as follows:

24 (a)(1)(A) If a policy of insurance is effected by any person on his or  
25 her own life or on another life in favor of a person other than himself or  
26 herself or, except in cases of transfer with intent to defraud creditors, if  
27 a policy of life insurance is assigned or in any way made payable to the  
28 person, the lawful beneficiary or assignee of the policy, other than the  
29 insured or the person effecting the insurance or executors or administrators  
30 of the insured or the person effecting the insurance, shall be entitled to  
31 its proceeds and avails against the creditors and representatives of the  
32 insured and those of the person effecting the policy whether or not the right  
33 to change the beneficiary is reserved or permitted and whether or not the  
34 policy is made payable to the person whose life is insured, if the  
35 beneficiary or assignee shall predecease such a person.

36 (B) The exemption provided in subdivision (a)(1)(A) of



1 this section applies to:

2 (i) Garnishment, attachment, execution, or other  
 3 seizure;

4 (ii) Seizure, appropriation, or application by a  
 5 legal or equitable process or by operation of law to pay a debt or other  
 6 liability of an insured or of a beneficiary, either before or after the  
 7 benefits are provided; and

8 (iii) A demand in a bankruptcy proceeding of the  
 9 insured or beneficiary.

10 (C) The exemption provided in subdivision (a)(1)(A) of  
 11 this section does not apply to:

12 (i) A debt of the insured or beneficiary secured by  
 13 a pledge of the insurance policy or the proceeds of the insurance policy; or

14 (ii) A child support lien or levy.

15 (D) For purposes of the limitation on the personal  
 16 property exemption stated in Arkansas Constitution, Article 9, § 2, "personal  
 17 property" does not include life insurance proceeds that are payable to:

18 (i) A beneficiary other than the insured, including  
 19 without limitation a charitable organization; or

20 (ii) The spouse, children, or dependents of the  
 21 insured.

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